

GENERAL FUND

Revenues

A summary of revenues through September 30 for 2013 and 2012 is as follows:

	September 30, 2013	September 30, 2012	Increase (Decrease)	% Increase (Decrease)
General Property Taxes	\$9,471,628	\$9,102,874	\$368,754	4.1
Business Licenses	531,134	544,891	(13,757)	(2.5)
Non-business Licenses/Permits	885,877	860,123	25,754	3.0
Fines and Forfeitures	246,310	285,076	(38,766)	(13.6)
Investment Income*	130,831	155,261	(24,430)	(15.7)
Intergovernmental Revenue	323,289	316,348	6,941	2.2
Charges for Services	1,223,446	1,163,915	59,531	5.1
Utilities Tax	2,237,313	2,067,590	169,723	8.2
Other	347,292	308,539	38,753	12.6
Total	\$15,397,120	\$14,804,617	\$592,503	4.0
Amended Budget	\$26,773,475	\$26,089,055	\$684,420	2.6
% of Budget Received to Date	57.5	56.7		

Revenues have increased \$592,503 or 4.0% over the same period last year. General property taxes have increased \$368,754 or 4.1% as a result of the tax levy that was budgeted. All other revenues have increased \$223,749 or 3.9%. Payments for property taxes and certain intergovernmental revenues, which represent approximately 71% of the budget, are received at mid-year and year-end.

*The investment income shown represents interest only. An adjustment for the change in fair value of investments will be made at year-end. As of September 30th, there is a \$2,962,800 overall fair value decrease of which the General Fund portion is estimated at \$415,000. Assuming there is no further change in fair value and after projected 4th quarter interest, the General Fund investment income at December 31st would be approximately negative \$240,000. This loss would be reflected in 2013 even though investments are typically held to maturity and the fair value decrease would be offset by increases in the future as the investments approach maturity.

Expenditures

A summary of expenditures by program through September 30 for 2013 and 2012 is as follows:

	September 30, 2013	September 30, 2012	Increase (Decrease)	% Increase (Decrease)
General Government	\$2,517,005	\$2,394,645	\$122,360	5.1
Public Safety	9,240,251	8,947,213	293,038	3.3
Community Services	278,376	327,629	(49,253)	(15.0)
Community Development	1,202,469	1,203,492	(1,023)	(0.1)
Maintenance Services	4,771,939	4,908,040	(136,101)	(2.8)
Total	\$18,010,040	\$17,781,019	\$229,021	1.3
Amended Budget	\$26,183,871	\$25,612,301	\$571,570	2.2
% of Budget Expended to Date	68.8	69.4		

Expenditures have increased \$229,021 or 1.3% over the same period last year. Personal services have increased \$213,136 or 1.5% due to increases of \$143,219 for salaries and \$69,917 for benefits primarily related to increased PERA and workers compensation insurance. All other expenditures have increased \$15,885 or 0.4% primarily due to increases of \$71,348 in utilities, \$77,182 in insurance, \$26,823 in software charges, and \$63,835 in capital outlay offset by decreases of \$154,190 in maintenance and repair accounts, \$38,332 in small tools and equipment, and \$26,792 in general supplies.

SPECIAL REVENUE FUNDS

- Scattered Site Housing Fund

This fund had a balance of \$437,578 as of September 30, 2013, part of which is \$214,004 in property being held for resale.

- Housing Programs Fund

This fund accounts for \$3,775,000 that was transferred from the Coon Rapids MAF Program Fund beginning in 2005 to be used for housing improvement program loans and had a September 30, 2013 fund balance of \$2,994,385. As of September 30, 2013, 122 loans were outstanding with a principal balance of \$1,264,172 compared to 124 loans with a total balance of \$1,290,348 a year ago.

- Coon Rapids MAF Program Fund

This fund accounted for proceeds from mortgage payments funded through the Coon Rapids Mortgage Assistance Foundation (MAF) program. In 2013, this fund has earned \$47,539 in interest through September 30th. Since 2000, this fund has transferred \$1,250,000 to the Scattered Site Housing Fund and \$3,775,000 to the Housing Programs Fund. As of September 30, 2013 the fund balance of this fund was \$3,510,485.

- Law Enforcement Programs Fund

This fund accounts for dedicated revenues and related expenditures for drug forfeiture, DWI, DARE, Night To Unite, and grant activities. The September 30, 2013 fund balance of this fund was \$286,121. This fund is projected to have a fund balance by December 31, 2013 of \$263,264.

- Fire Department Programs Fund

This fund accounts for special activities performed by the Fire Department such as the safety camp, lock box and smoke alarm programs. This fund had a September 30, 2013 fund balance of \$9,723.

- Public Communications Fund

The Public Communications Fund had a fund deficit of (\$339,720) as of September 30, 2013 and is projected to have a fund deficit of (\$162,420) by December 31, 2013. The deficit fund balance is due to a purchase of high definition equipment for the cable truck totaling \$809,455 in 2011. An internal loan for \$750,000 from the Revolving Construction Fund was established in 2011 to pay for this equipment over a 10 year period.

- Commissions and Events Fund

This fund accounts for Arts and Historical Commission activities not accounted for in the General Fund. The September 30, 2013 fund balance of this fund was \$18,414. This fund is projected to have a fund balance by December 31, 2013 of \$16,482.

- Senior Activity Fund

This fund accounts for senior citizen trips and events, the senior center kitchen fund, and the senior citizen transportation account. The September 30, 2013 fund balance of this fund was \$81,202. This fund is projected to have a fund balance by December 31, 2013 of \$67,547.

- Community Development Block Grant Fund

Expenditures for the Housing Rehabilitation Program are recovered from Anoka County as they are made and are estimated to be \$281,602 for 2013.

- Curbside Recycling Fund

This fund accounts for recycling center activities. Year-to-date expenditures were \$130,911. Expenditures are recovered from Anoka County through the Recycling Center SCORE grant. The grant award for 2013 equals \$174,606.

DEBT SERVICE FUNDS

These funds pay the principal and interest on the long-term debt of the City, other than debt accounted for in the Enterprise Funds. Funding comes from tax levies, special assessments, and/or transfers. In 2013, principal and interest payments through September 30th totaled \$1,725,000 and \$776,877 respectively. All revenues and expenditures are as planned.

CAPITAL PROJECTS FUNDS

- Park Improvement Fund

The major source of revenue for 2013 is a \$321,750 property tax levy. Year-to-date expenditures were \$89,835. This fund is projected to have a fund balance of \$300,045 by December 31, 2013.

- Equipment Certificate Fund

This fund accounts for major capital equipment purchases financed with equipment certificates. This fund had a fund deficit of (\$1,133,347) as of September 30, 2013 which will be covered through future certificate proceeds or transfers from other funds.

- Capital Equipment Fund

This fund accounts for major capital outlay purchases for the General Fund activities. This fund has a 2013 property tax levy of \$809,622 and had expended \$613,819 as of September 30th. This fund is projected to have a fund balance of \$1,141,291 by December 31, 2013.

- Street Reconstruction Fund

This fund includes property tax revenue of \$765,270 for 2013. Estimated expenditures for the year are \$1,203,068. This fund is projected to have a fund balance of \$504,860 by December 31, 2013.

- Sidewalk Projects Fund

This fund includes property tax revenue of \$74,250 for 2013. The September 30, 2013 fund balance was \$186,227.

- HRA Fund

There are several sources of revenue for the HRA including tax levies, tax increment collections, industrial revenue bond fees, and proceeds from the sale of land. Tax collections are as planned. Tax increments are pledged to pay debt service on bond issues as well as for the purchase of certain property for redevelopment and related relocation costs. In 2013, this fund has paid out \$525,922 in economic development grants, awards and judgements through September 30th.

- Facilities Construction Fund

This fund accounts for the construction and refurbishment of City owned facilities. The September 30, 2013 fund balance was \$1,526,332. This fund is projected to have a fund balance of \$1,474,267 by December 31, 2013.

- Special Assessment Construction Funds

These funds account for assessable and non-assessable infrastructure construction projects that are funded through bond proceeds, MSA, and/or other intergovernmental revenues. In 2013, \$4,341,693 had been expended from these funds through September 30th of which \$4,185,484 was for the 2013 street reconstruction projects and \$156,209 was for various other projects. This compares to \$4,957,673 expended at this time last year (\$4,541,177 for street reconstruction and \$416,496 for various other projects). Revenues and funding sources in 2013 are as anticipated.

INTERNAL SERVICE FUNDS

- Insurance Reserve Fund

The Insurance Reserve fund had net assets of \$4,326,151 as of September 30, 2013 compared to \$4,318,526 a year ago. Savings from insurance premiums are being reserved to (1) provide for future claims that may be due under the current insurance plan, and (2) to provide adequate cash to support deductible levels on current and future policies. Operating income in this fund is used to subsidize General Fund insurance costs. The average amount of this subsidy over the last five years has been \$39,600 per year. Also, prior year investment income from this fund is transferred to the Retirement Insurance Fund to partially fund other post employment benefits. For 2013, this transfer will be \$71,276.

- Compensated Absences Fund

This fund accounts for the compensated absences of the governmental funds. The December 31, 2012 liability in this fund was \$2,341,893 which was fully funded. Based on the 2013 estimated liability increase of \$180,000 and planned investment income and transfers, this liability should continue to be fully funded at year-end 2013.

- Retirement Insurance Fund

This fund builds a reserve for the direct subsidy portion of health care benefits for qualified police and firefighter retirees. Budgeted transfers in 2013 of \$425,000 from the General Fund and \$71,276 from the Insurance Reserve Fund along with the existing balance in this fund will cover this portion of the annual required contribution as determined in the 2012 actuarial study.

ENTERPRISE FUNDS

Statements and related comments on the Water, Sewer, Storm Water Drainage, and Golf Funds are as follows:

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CITY OF COON RAPIDS, MINNESOTA

WATER FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PERIOD ENDED SEPTEMBER 30, 2013

(WITH COMPARATIVE TOTALS FOR PERIOD ENDED SEPTEMBER 30, 2012)

	Audited 2012	09/30/12	09/30/13
Operating Revenues:			
Water charges	\$ 6,071,211	\$ 4,849,691	\$ 4,590,575
Miscellaneous	19,031	13,817	15,662
Total Operating Revenues	6,090,242	4,863,508	4,606,237
Operating Expenses:			
Personal services	949,487	729,369	674,779
Other charges and services	2,257,260	1,665,905	1,476,326
Supplies	328,568	222,213	158,508
Depreciation	1,861,628	1,403,686	1,398,121
Total Operating Expenses	5,396,943	4,021,173	3,707,734
Operating Income	693,299	842,335	898,503
Nonoperating Revenues (Expenses):			
Investment income	(17,868)	(19,008)	(6,913)
Sale of water meters	38,706	28,862	26,963
Gain on disposal of capital assets	10,260		
Interest and fiscal charges	(360,986)	(264,342)	(209,150)
Purchase and repair of water meters	(54,550)	(30,119)	(53,596)
Total Nonoperating Revenues (Expenses)	(384,438)	(284,607)	(242,696)
Income before contributions	308,861	557,728	655,807
Capital contributions			
Change in net assets	308,861	557,728	655,807
Net Assets at Beginning of Year	45,723,823	45,723,823	46,032,684
Net Assets at End of Year	\$ 46,032,684	\$ 46,281,551	\$ 46,688,491

COMMENTS ON THE SEPTEMBER 2013 STATEMENTS
OF THE ENTERPRISE FUNDS
COMPARED TO SEPTEMBER OF 2012

	For the Period Ended September 2012	Percent of Revenues	For the Period Ended September 2013	Percent of Revenues	Favorable (Unfavorable)
<u>WATER FUND</u>					
Operating Revenues	\$ 4,863,508	100.00	\$ 4,606,237	100.00	\$ (257,271)
Operating Expenses	<u>4,021,173</u>	82.68	<u>3,707,734</u>	80.49	<u>313,439</u>
Operating Income	842,335	17.32	898,503	19.51	56,168
Non-operating Revenue (Expenses)	<u>(284,607)</u>	(5.85)	<u>(242,696)</u>	(5.27)	<u>41,911</u>
Net Income(Loss)	<u>557,728</u>	11.47	<u>655,807</u>	14.24	<u>98,079</u>

Summary Statement

Operating revenue is down \$257,271 (5.29%) and operating expenses decreased by \$313,439 resulting in a net increase in operating income of \$56,168 over the same period last year. The decrease in operating revenue is due to a decrease in water usage this spring due to cold weather conditions. The decrease in operating expense is mostly due to a decrease in emergency repairs of water mains offset by an increase in utility costs compared to 2012. The net income of \$655,807 through September 30th compares to a net income at this time last year of \$557,728, an increase of \$98,079.

CITY OF COON RAPIDS, MINNESOTA

SEWER FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PERIOD ENDED SEPTEMBER 30, 2013

(WITH COMPARATIVE TOTALS FOR PERIOD ENDED SEPTEMBER 30, 2012)

	Audited 2012	09/30/12	09/30/13
Operating Revenues:			
Sewer charges	\$ 6,087,330	\$ 4,560,914	\$ 4,495,130
Miscellaneous	4,387	278	1,445
Total Operating Revenues	<u>6,091,717</u>	<u>4,561,192</u>	<u>4,496,575</u>
Operating Expenses:			
Personal services	561,286	413,609	448,091
Other charges and services	557,475	409,125	439,590
Supplies	34,707	25,624	28,425
Disposal charges	3,626,431	2,719,823	2,892,998
Depreciation	822,565	615,524	628,226
Total Operating Expenses	<u>5,602,464</u>	<u>4,183,705</u>	<u>4,437,330</u>
Operating Income	489,253	377,487	59,245
Nonoperating Revenues:			
Investment income	<u>108,422</u>	<u>97,823</u>	<u>77,670</u>
Income before contributions	597,675	475,310	136,915
Capital contributions			
Change in net assets	597,675	475,310	136,915
Net Assets at Beginning of Year	<u>37,365,432</u>	<u>37,365,432</u>	<u>37,963,107</u>
Net Assets at End of Year	<u>\$ 37,963,107</u>	<u>\$ 37,840,742</u>	<u>\$ 38,100,022</u>

COMMENTS ON THE SEPTEMBER 2013 STATEMENTS
OF THE ENTERPRISE FUNDS
COMPARED TO SEPTEMBER OF 2012

	For the Period Ended September 2012	Percent of Revenues	For the Period Ended September 2013	Percent of Revenues	Favorable (Unfavorable)
<u>SEWER FUND</u>					
Operating Revenues	\$ 4,561,192	100.00	\$ 4,496,575	100.00	\$ (64,617)
Operating Expenses	<u>4,183,705</u>	91.72	<u>4,437,330</u>	98.68	<u>(253,625)</u>
Operating Income	377,487	8.28	59,245	1.32	(318,242)
Non-Operating Revenues	<u>97,823</u>	2.14	<u>77,670</u>	1.73	<u>(20,153)</u>
Net Income	<u><u>475,310</u></u>	10.42	<u><u>136,915</u></u>	3.04	<u><u>(338,395)</u></u>

Summary Statement

Operating revenue is down \$64,617 (1.42%) and operating expenses increased by \$253,625 resulting in a net decrease in operating income of \$318,242 over the same period last year. The decrease in operating revenue is due to the rate structure change in 2013, whereby the winter quarter set the rates for the year. The increase in operating expenses is mainly due to a 6% increase in disposal charges compared to 2012. The net income of \$136,915 through September 30th compares to a net income at this time last year of \$475,310, a decrease of \$338,395.

CITY OF COON RAPIDS, MINNESOTA

STORM WATER DRAINAGE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PERIOD ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE TOTALS FOR PERIOD ENDED SEPTEMBER 30, 2012)

	Audited 2012	09/30/12	09/30/13
Operating Revenues:			
Storm drain charges	\$ 1,353,579	\$ 1,015,899	\$ 1,018,239
Miscellaneous	4,659	4,493	3,839
Total Operating Revenues	<u>1,358,238</u>	<u>1,020,392</u>	<u>1,022,078</u>
Operating Expenses:			
Personal services	225,238	149,912	165,569
Other charges and services	388,851	285,567	205,078
Supplies	63,063	37,829	45,835
Depreciation	610,123	457,592	461,302
Total Operating Expenses	<u>1,287,275</u>	<u>930,900</u>	<u>877,784</u>
Operating Income	<u>70,963</u>	<u>89,492</u>	<u>144,294</u>
Nonoperating Revenues:			
Investment income	<u>41,763</u>	<u>36,216</u>	<u>35,580</u>
Income before contributions	112,726	125,708	179,874
Capital contributions			
Change in net assets	112,726	125,708	179,874
Net Assets at Beginning of Year	<u>13,822,830</u>	<u>13,822,830</u>	<u>13,935,556</u>
Net Assets at End of Year	<u>\$ 13,935,556</u>	<u>\$ 13,948,538</u>	<u>\$ 14,115,430</u>

COMMENTS ON THE SEPTEMBER 2013 STATEMENTS
OF THE ENTERPRISE FUNDS
COMPARED TO SEPTEMBER OF 2012

	For the Period Ended September 2012	Percent of Revenues	For the Period Ended September 2013	Percent of Revenues	Favorable (Unfavorable)
<u>STORM WATER DRAINAGE FUND</u>					
Operating Revenues	\$ 1,020,392	100.00	\$ 1,022,078	100.00	\$ 1,686
Operating Expenses	<u>930,900</u>	91.23	<u>877,784</u>	85.88	<u>53,116</u>
Operating Income	89,492	8.77	144,294	14.12	54,802
Non-operating Revenue (Expenses)	<u>36,216</u>	3.55	<u>35,580</u>	3.48	<u>(636)</u>
Net Income	<u><u>125,708</u></u>	12.32	<u><u>179,874</u></u>	17.60	<u><u>54,166</u></u>

Summary Statement

Operating revenue is up \$1,686 and operating expenses decreased by \$53,116 resulting in a net increase in the operating income of \$54,802. Operating revenue is comparable to prior year due to the fact that there was no rate increase in 2013. There is a decrease in operating expenses mainly due to a decrease in storm drain repairs. The net income of \$179,874 through September 30th compares to net income at this time last year of \$125,708, an increase of \$54,166.

CITY OF COON RAPIDS, MINNESOTA

GOLF FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PERIOD ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE TOTALS FOR PERIOD ENDED SEPTEMBER 30, 2012)

	Audited 2012	09/30/12	09/30/13
Operating Revenues:			
Sales, fees, and charges:			
Green fees	\$ 1,623,391	\$ 1,457,538	\$ 1,279,171
Driving Range		69,435	51,685
Merchandise sales (net)	59,587	63,183	117,632
Rentals:			
Building	168,332	128,331	309,923
Carts	312,471	288,529	288,541
Simulator	54,410	43,112	65,699
Total sales, fees and charges	2,218,191	2,050,128	2,112,651
Miscellaneous	17,650		24,485
Total Operating Revenues	2,235,841	2,050,128	2,137,136
Operating Expenses:			
Maintenance:			
Personal services	469,845	375,066	378,865
Other charges and services	103,035	78,107	53,412
Supplies	367,713	249,371	278,217
Depreciation	226,734	172,763	167,419
Total Maintenance Expenses	1,167,327	875,307	877,913
Administration:			
Personal services	325,913	253,148	251,628
Other charges and services	492,058	375,406	372,410
Supplies	20,992	15,244	18,749
Depreciation	355,798	262,783	286,617
Total Administration Expenses	1,194,761	906,581	929,404
Total Operating Expenses	2,362,088	1,781,888	1,807,317
Operating Income (Loss)	(126,247)	268,240	329,819
Nonoperating Revenues (Expenses):			
Investment income	(2,501)	(3,274)	3,675
Intergovernmental revenue	69,475	34,542	22,800
Interest and fiscal charges	(204,076)	(150,532)	(160,400)
Total Nonoperating Revenues (Expenses)	(137,102)	(119,264)	(133,925)
Income (Loss) before transfers	(263,349)	148,976	195,894
Transfers in			
Change in net assets	(263,349)	148,976	195,894
Net Assets at Beginning of Year	8,068,692	8,068,692	7,805,343
Net Assets at End of Year	\$ 7,805,343	\$ 8,217,668	\$ 8,001,237

COMMENTS ON THE SEPTEMBER 2013 STATEMENTS
OF THE ENTERPRISE FUNDS
COMPARED TO SEPTEMBER OF 2012

	For the Period Ended September 2012	Percent of Revenues	For the Period Ended September 2013	Percent of Revenues	Favorable (Unfavorable)
<u>GOLF FUND</u>					
Operating Revenues	\$ 2,050,128	100.00	\$ 2,137,136	100.00	\$ 87,008
Operating Expenses	<u>1,781,888</u>	86.92	<u>1,807,317</u>	84.57	<u>(25,429)</u>
Operating Income	268,240	13.08	329,819 *	15.43	61,579
Non-Operating Revenues (Expenses)	<u>(119,264)</u>	(5.82)	<u>(133,925)</u>	(6.27)	<u>(14,661)</u>
Net Income	<u><u>148,976</u></u>	7.27	<u><u>195,894</u></u>	9.17	<u><u>46,918</u></u>

Summary Statement

Operating revenue is up \$87,008 and operating expenses have increased \$25,429 resulting in a net increase in operating income of \$61,579 over the same period last year. The increase in operating expenses is mainly due to an increase in golf course maintenance supplies compared to 2012. The net income of \$195,894 through September 30th compares to a net income at this time last year of \$148,976, an increase of \$46,918.

* Based on past history, operating expenses could exceed operating revenues by over \$200,000 in the 4th quarter after the golfing season has closed; therefore, the operating income of \$329,819 as of September 30th might be needed to cover the 4th quarter.